Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 BONN 05552 01 OF 02 281944Z
ACTION PM-05

INFO OCT-01 EUR-12 NEA-10 ISO-00 NSC-05 SP-02 SS-15
CIAE-00 INR-10 NSAE-00 AID-05 OMB-01 TRSE-00 EB-08
MCE-00 L-03 ACDA-12 H-01 PA-01 USIA-06 IO-13
/110 W
----------015249 282007Z /72
R 281919Z MAR 78
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TO SECSTATE WASHDC 7098
INFO SECDEF WASHDC
AMEMBASSY THE HAGUE
AMEMBASSY ISLAMABAD
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL HAMBURG
USMISSION USNATO
CINC USAREUR HEIDELBERG
CINC EUR VAIHINGEN
USNMR SHAPE

C O N F I D E N T I A L SECTION 01 OF 02 BONN 05552

E.O. 11652: GDS
TAGS: MASS, IR, GW, NL
SUBJECT: SUBMARINES AND FRIGATES FOR IRAN

REFS: A) BONN 4042 DTG 061903Z MAR 78 (NOTAL)
B) TEHRAN 2419 DTG 090709Z MAR 78 (NOTAL)

BEGIN SUMMARY: THE EXTENSIVE PUBLICITY OVER THE SALE
OF SIX 209 CLASS SUBMARINES TO IRAN HAS REOPENED THE
DEBATE IN THE FRG ON THIRD WORLD ARMS SALES. THE
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PAGE 02 BONN 05552 01 OF 02 281944Z

GOVERNMENT HAS DIRECTED THAT A MAJOR STUDY BE INITIATED
ON CURRENT ARMS EXPORT POLICIES. HIGH UNEMPLOYMENT IN
THE GERMAN SHIPBUILDING INDUSTRY APPEARS TO BE THE MAJOR
IMPETUS BEHIND A MORE LIBERALIZED ARMS EXPORT POLICY.
FRG SOURCES CONTINUE TO BE OPTIMISTIC OVER PROSPECTS
FOR OBTAINING ORDERS FOR AT LEAST FOUR OF THE SIX NATO
122 CLASS FRIGATES TO BE ORDERED BY IRAN. THE FRIGATES

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

WOULD BE BUILT BY BREMER VULCAN IN CONJUNCTION WITH AG WESER, WHICH IS PART IRANIAN OWNED. END SUMMARY.

1. THE RECENT PUBLICITY OVER THE IMPENDING SALE OF SIX 209 CLASS SUBMARINES TO IRAN AND THE GROWING SPECULATION OVER AN EVEN GREATER ARMS DEAL TO FOLLOW HAS ELICITED SHARP AND GENERALLY NEGATIVE CRITICISM OF THE FRG GOVERNMENT'S ARMS EXPORT POLICY FROM THE PRESS AND FROM POLITICAL, UNION, AND RELIGIOUS LEADERS.

2. RESISTANCE TO A LIBERALIZED SALES POLICY IS GROWING, PARTICULARLY FROM THE SPD LEFT. THE SPD PARTY CONVENTION IN NOVEMBER OF 1975 VOTED DECISIVELY AGAINST THE ATTEMPTS BY THE PARTY EXECUTIVE TO INTRODUCE A MORE LIBERAL ARMS EXPORT POLICY, DESPITE THE FACT THAT SUCH A POLICY MIGHT SERVE TO LESSEN UNEMPLOYMENT.

3. HEINZ OSKAR VETTER, CHIEF OF THE ASSOCIATION OF GERMAN TRADE UNIONS (DGB), STILL ADHERES TO THE 1975 SPD POLICY. HE STATED RECENTLY THAT "THE EXPORT OF ARMS MATERIALS TO NON-NATO COUNTRIES MUST CONTINUE TO BE RESTRICTIVE." THE CHAIRMAN OF THE EXECUTIVE BOARD OF THE INDUSTRIAL METAL WORKERS UNION HAS ALSO COME OUT IN OPPOSITION TO INCREASED ARMS EXPORTS "BECAUSE EXPANDED CAPACITIES FOR THE PRODUCTION OF ARMS PLACES CONFIDENTIAL

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PAGE 03 BONN 05552 01 OF 02 281944Z

THE GOVERNMENT IN INCREASED DEPENDENCY ON THE UTILIZATION OF THESE CAPACITIES. UNQUOTE

4. THE UNION RANK AND FILE MAY BE MORE INCLINED TO SUPPORT A LIBERALIZATION IN POLICY AND SOME WORKS COUNCIL REPRESENTATIVES ARE APPARENTLY ON RECORD AS ADVOCATING A RELAXATION OF ARMS EXPORT RESTRICTIONS. TO DATE, HOWEVER, THE UNION LEADERSHIP HAS BEEN ABLE TO HOLD THESE DEMANDS IN CHECK.

5. IN RESPONSE TO THE EXTENSIVE CRITICISM IT HAS RECEIVED THE GOVERNMENT HAS DIRECTED THE FOREIGN OFFICE TO BEGIN A STUDY OF CURRENT FRG POLICIES ON ARMS EXPORTS. WE HAVE ALREADY HEARD THAT DOMESTIC POLITICAL CONSIDERATIONS, MOST IMPORTANTLY THE HIGH DEGREE OF UNEMPLOYMENT AMONG SHIPYARD WORKERS IN THE NORTHERN PORT CITIES, ARE PLAYING A STRONG DETERMINING ROLE IN THE APPROACH THE REPORT WILL TAKE.

6. ALTHOUGH THE BUNDESTAG DEFENSE COMMITTEE UNANIMOUSLY APPROVED THE IRANIAN SUBMARINE SALE LAST YEAR, THE RECENT SPATE OF CRITICISM HAS CLEARLY PUT THE INDIVIDUAL

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

PARTIES ON THE DEFENSIVE. SPD BUNDESTAG DEPUTY FRIEDRICH STATED THAT THE SPD'S BUNDESTAG WORKING GROUP FOR ARMS EXPORTS HAS RECOMMENDED THE INTRODUCTION OF A COMPREHENSIVE INITIATIVE DURING THE FORTHCOMING UN SSOD DEBATE AND THE PUBLICATION OF AN ANNUAL DISARMAMENT REPORT BY THE FEDERAL GOVERNMENT. IN RESPONSE TO

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PAGE 01 BONN 05552 02 OF 02 281943Z
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C O N F I D E N T I A L SECTION 02 OF 02 BONN 05552

CRITICISM OF THE COMMITTEE, FDP SPOKESMAN MOELLEMANN STATED THAT THE COMMITTEE HAD PROCEEDED FROM THE "PREMISE THAT A NATIONAL PRODUCTION CAPACITY IS NECESSARY FOR OUR OWN SECURITY BUT THAT THIS CAPACITY MUST IN NO CASE BE EXPANDED." ONLY THE CDU'S CARL

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

DAMM PUBLICLY SUPPORTED A MORE LIBERAL EXPORT POLICY
AND ADVOCATED THE VIEW THAT THE FRG HAD THE RIGHT TO
DELIVER ARMS TO NON-TENSION AREAS IF AND WHEN IT WAS
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IN KEEPING WITH FRG INTERESTS.

7. THE FOLLOWING COMMENTS ARE PROVIDED IN RESPONSE TO
QUESTIONS RAISED IN REF B:

A. IN GENERAL WE CAN CONFIRM SUBSTANCE OF REFTEL B
FROM OUR OWN SOURCES, INCLUDING PAKISTANI AND INDIAN
INTEREST IN THE 209 CLASS SUBMARINE.

B. THE PER UNIT COST OF THESE SUBMARINES OF 80 MILLION
DOLLARS (PARA 3 REFTEL) SEEMS HIGH TO US. THE FRG HAS
RECENTLY SOLD A SIMILAR MODEL TO PERU AND INDONESIA
FOR APPROXIMATELY 60 MILLION DOLLARS PER UNIT.

C. DUE TO THE LARGE BACKLOG OF EXISTING ORDERS AND
THE THREE-YEAR PERIOD NEEDED FOR DESIGN MODIFICATION
AND CONSTRUCTION, WE ESTIMATE AN INITIAL DELIVERY DATE
OF NO EARLIER THAN 1981.

D. WE HAVE LEARNED FROM A RELIABLE SOURCE THAT THE FRG
IS OPTIMISTIC OVER THE PROSPECTS FOR OBTAINING AN ORDER
FOR FOUR OF THE NATO 122 CLASS FRIGATES, WITH THE
REMAINDER OF THE TOTAL ORDER OF TWELVE GOING TO THE
DUTCH.

E. THE REASON FOR GERMAN OPTIMISM IS THAT BREMER VULCAN
PLANS TO CO-PRODUCE THE FRIGATE IN CONJUNCTION WITH AG
WESER, WHICH IS PART IRANIAN OWNED. ADDITIONALLY,
GERMAN FRIGATES WILL BE POWERED BY THE GE LM 2500 GAS
TURBINE AND EQUIPPED WITH THE HARPOON MISSILE SYSTEM
WITH WHICH CURRENTLY ORDERED IRANIAN 963 CLASS DESTROYERS
WILL ALSO BE OUTFITTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFORMATION EXCHANGE, LESS DEVELOPED COUNTRIES, SUBMARINES, ARMS CONTROL INSPECTION, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN05552
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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From: BONN
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 4
Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3190092
Secure: OPEN
Status: NATIVE
Subject: SUBMARINES AND FRIGATES FOR IRAN
TAGS: MASS, IR, GE, NL
To: STATE
Type: TE
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Review Markings:
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20 Mar 2014
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